

2006-2007 PERFORMANCE PLAN – PORTFOLIO MANAGER, FIXED INCOME / COMMODITIES (John Kowalik)

Quantitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule
45%	Commodities vs. Index	Excess return in basis points relative to: Commodities – [A combination of 90% (Goldman Sachs Commodity Index – Excess Return (GSCI – ER) minus cost of swap fees (25 basis points) + 100% (three month Treasury Bill returns rebalanced quarterly). Based on a neutral allocation of \$500 million]. {SWFP – PERSGSC}	0 basis points = 0 +80 basis points = 1.0 +120 basis points = 1.5
30%	CalPERS Domestic Fixed Income (FI), Internal	Net of Fees, excess return in basis points relative to: Domestic Fixed Income (FI), Internal – CalPERS Custom LEH LPF {SW4KA1 – CALCCLP2}	0 basis points = 0 +40 basis points = 1.0 +60 basis points = 1.5
10%	CalPERS Total Fund Performance	Net of Fees, excess return in basis points relative to total fund Performance benchmark. Comp – PERS Total Fund All Portfolios – CalPERS Policy Index (Daily) {SJ1CA1 – CPERST02}	-40 basis points = 0 0 basis points = 1.0 +20 basis points = 1.5
85%	Subtotal	Quantitative Measures	

Qualitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule
15%	Leadership	Demonstrate leadership within CalPERS and in the external Investment community. <ul style="list-style-type: none"> • Within Investment Group • Trustees • CalPERS • External Investment Community 	From Schedule
15%	Subtotal	Qualitative Measures	
100%	Total	Quantitative and Qualitative Measures	